

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1516-02  
Bill No.: Perfected HCS for HB 581  
Subject: Farmland Protection Act  
Type: Original  
Date: March 29, 2001

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Conservation** assume the proposed legislation would have no fiscal impact on their agency.

In response to similar legislation (HCS for HB 581), officials from the **Department of Economic Development, Department of Agriculture** and the **Office of Administration - Division of Budget and Planning** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources** assume the proposed legislation does not affect the department's authority. Therefore, the proposal would have no direct fiscal impact on the department.

In response to similar legislation (HCS for HB 581), officials from the **Office of Attorney General** assume the costs related to the proposed legislation could be absorbed with existing resources.

**Oversight** assumes this proposal changes general law regarding public utilities and lands that are located in un-platted areas and used for agriculture or residential purposes or both. Oversight assumes that public utility companies and local governments will have a delay in recovering costs of running utilities into affected areas. Oversight assumes that local governments will have to consider not being able to recover costs of expanding services when crossing farmlands. Oversight assumes the cost of abeyance to be (unknown).

Under this proposal, **Oversight** notes that the language in reference to the City of Kansas City states that the assessments on tracts of farmland otherwise protected by the Farmland Protection Act are to be the proportionate cost of water or sewer improvements, but the portion of the assessment initially payable is not to exceed \$500 per acre and \$10,000 for the tract. The remaining portion of the assessment is to be held in abeyance, without interest, until the owner connects with the new improvements or until the property is conveyed to a new owner who does not continue to utilize the property for farming purposes. Therefore, this also results in (unknown) costs due to the delay in recovering costs over a certain amount.

As noted in section 262.802.13, **Oversight** assumes the potential could exist for additional unknown costs due to legal fees, costs, etc. should a political subdivision seek declaratory judgement and lose. Therefore, Oversight assumes (unknown) costs to political subdivisions and has reflected this is the fiscal impact specifications below.

### ASSUMPTION (continued)

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Relating to this same matter, **Oversight** notes that if a political subdivision seeks declaratory judgement in reference to the language in this proposal, the owner of such land is to be considered a state agency and is to be represented by the state. However, if the political subdivision loses, the cost of providing defense to such landowner, including reasonable attorney fees and costs, is to be reimbursed to the state by the political subdivision. Due to this language and the Office of Attorney General's response, Oversight has not reflected a impact on state funds.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Cost - Local Government</u>			
Abeyance of cost of utility services and potential for legal costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

#### FISCAL IMPACT - Small Business

Small businesses which are family farms could be affected by the provisions of this proposal.

#### DESCRIPTION

This proposal is to be known as the Farmland Protection Act. The provisions of the proposal apply to tracts of real property containing 10 or more contiguous acres, used as agricultural or single family residential property or both, and not located in a platted subdivision.

The purpose of the proposal is to protect agricultural, horticultural, and forestry land; promote continued rural economic viability; promote quality of life; promote continued viability of those businesses dependent on providing materials, equipment, and services to agriculture, horticulture, and forestry; and protect farmland from negative impacts.

The proposal requires the state or any political subdivision to hold sewer and water assessments in abeyance, without interest, until improvements on property covered by the proposal are

#### DESCRIPTION (continued)

connected to the sewer or water system. Upon connection to the sewer or water system, the

owner is to pay an amount equal to the proportionate charge for the number of system lines connected to improvements on the property.

The provisions of the proposal do not apply to public water supply districts as defined in chapter 247.010, RSMo to and including chapter 247.227 RSMo, except that a public water supply district shall not require payment from landowners whose property is crossed to service another tract of land until the owner of such property crossed requests connection to the rural water supply district.

In Kansas City, the assessments on tracts of farmland otherwise protected by the Farmland Protection Act are to be the proportionate cost of water or sewer improvements, but the portion of the assessment initially payable is not to exceed \$500 per acre and \$10,000 for the tract. The remaining portion of the assessment is to be held in abeyance, without interest, until the owner connects with the new improvements or until the property is conveyed to a new owner who does not continue to utilize the property for farming purposes.

Persons purchasing property located within one-half mile of property used for agricultural purposes are to be given a notice of that prior to the final sale. The proposal specifies the language of the notice.

The proposal also requires that property subject to the Farmland Protection Act is not to be taken by any political subdivision of the state by eminent domain except after an open public hearing.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Agriculture  
Department of Conservation  
Department of Economic Development  
Department of Natural Resources

#### SOURCES OF INFORMATION (continued)

Office of Administration - Division of Budget and Planning  
Office of Attorney General

AK:LR:OD (12/00)

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

March 29, 2001